Analyzing the Moderating Role of Corporate Reputation in the Relationship between Managerial Ownership and Voluntary Disclosure in Leveraged and Capital-Based Firms

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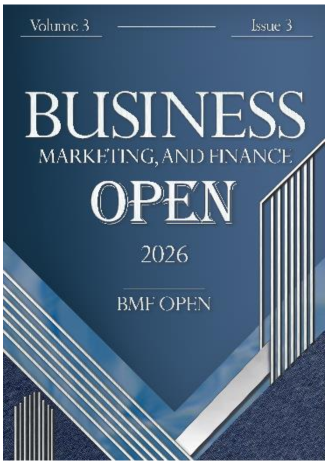

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Abstract: The purpose of this study is to analyze the moderating role of corporate reputation in the relationship between managerial ownership and voluntary disclosure in leveraged and capital-based firms. This research can be useful for investors in selecting appropriate investment portfolios and can also assist stock market policymakers in enforcing disclosure quality requirements and promoting greater stability in the capital market. To estimate the research model and test the hypotheses, a panel data econometric approach was employed. Firm-level data were extracted from the Rahavard Novin database and the website of the Tehran Stock Exchange Organization, and the hypotheses were tested using EViews software. The statistical population consisted of companies listed on the Tehran Stock Exchange from the beginning of 2012 to the end of 2021, covering a ten-year period, during which the firms continuously maintained their listing status. After applying sample selection criteria, 141 firms met the requirements and were selected as the final sample. The results indicate that corporate reputation weakens the relationship between managerial ownership and the level of voluntary disclosure in leveraged firms, while it strengthens this relationship in capital-based firms. Capital-based firms with higher corporate reputation are more likely to disclose earnings forecasts than leveraged firms. Capital-based firms with stronger reputations are encouraged to preserve their reputation, which can be regarded as an intangible asset. In leveraged firms that lack strong reputational assets, building a high level of corporate reputation is more challenging, and such firms may therefore be less inclined to invest in reputation building.

Keywords: Voluntary disclosure; managerial ownership; firm value; leveraged firms; capital-based firms.

1. Introduction

Voluntary disclosure has become a central mechanism through which firms manage information asymmetry, mitigate investor uncertainty, and shape capital-market perceptions beyond the minimum required by regulation. In modern capital markets—characterized by rapid diffusion of narratives through analyst reports, social media, alternative data, and platform-based information intermediaries—the informational environment is no longer defined solely by formal financial statements. When periodic reporting is sparse or perceived as insufficient, investors tend to substitute toward alternative sources of earnings-related news, which can amplify spillovers and distort price formation, particularly during uncertain periods [1]. This structural reality increases the strategic value of voluntary disclosure as a governance and market-discipline tool, while simultaneously increasing the scrutiny placed on disclosure credibility, timing, and content. In parallel, disclosure has expanded from strictly financial items to broader forward-looking and nonfinancial dimensions, including risk narratives, governance signals, sustainability indicators, and employee-related disclosures. Evidence from multiple contexts suggests that transparency and disclosure practices can materially affect firm valuation, market stability, and the efficiency of investment decisions [2, 3]. However, the benefits of voluntary disclosure are not uniform across firms; they depend on incentive structures, governance quality, financial constraints, and reputational capital, which jointly determine whether disclosure functions as credible signaling or as selective impression management.

Within this broader disclosure landscape, managerial ownership has long been theorized as a pivotal governance characteristic that may reshape managers' incentives to reveal or withhold information. From an agency-theoretic perspective, higher managerial ownership can align managers' interests with those of shareholders, potentially increasing disclosure incentives when managers internalize the market value consequences of opacity and uncertainty. At the same time, increased ownership can entrench managers, enabling them to reduce transparency, manage external expectations, and protect private benefits of control, especially when disclosure could expose underperformance or facilitate monitoring by external stakeholders. This tension is amplified in environments where earnings management—both accrual-based and real—remains a practical concern, because disclosure choices interact with reporting discretion and with the market's capacity to detect opportunistic behavior [4]. The qualitative dimension of disclosure is also critical: differences in narrative reporting and incremental disclosure patterns have been shown to distinguish fraudulent from non-fraudulent firms, highlighting that disclosure is not merely a quantity decision but also a quality and truthfulness decision [5]. Consequently, managerial ownership may influence not only whether firms disclose voluntarily, but also the credibility and informational usefulness of what is disclosed—particularly for forward-looking information and risk narratives.

A key development in recent research is the shift from viewing voluntary disclosure as a purely managerial choice to conceptualizing it as an outcome shaped by institutional reforms, governance systems, and market-wide information infrastructures. Governance reforms can alter disclosure incentives and the equilibrium disclosure environment, including the propensity to issue management forecasts and other forward-looking statements [6]. At the same time, mandatory interim disclosure regimes—such as monthly revenue reports—can change the information value of interim releases and affect how markets respond to ongoing disclosure streams [7]. Cross-country evidence further indicates that adoption of international reporting frameworks can influence investor perceptions and firm transparency policies, with potential effects on investment decision efficiency [3, 8]. In emerging markets, where information frictions may be more pronounced and the investor base may have heterogeneous sophistication, the interaction between governance quality and voluntary disclosure becomes especially consequential for valuation and market stability [2]. Simultaneously, the informational ecosystem increasingly includes data governance and "data market discipline," where disclosure and transparency intersect with broader governance of data flows, accountability, and the competitive dynamics of information intermediaries [9]. These developments underscore that voluntary disclosure decisions should be analyzed not in isolation but within a layered governance–market structure.

Corporate reputation, in turn, is increasingly recognized as a strategic intangible asset that can materially condition disclosure behavior and market outcomes. Reputation can function as a credibility reservoir: reputable firms may achieve stronger market responses to disclosures because stakeholders assign higher reliability to their communications. Yet reputation can also create strategic tradeoffs. Firms with stronger reputations may have incentives to maintain stability and avoid disclosures that introduce uncertainty or invite scrutiny; alternatively, they may disclose more proactively to protect reputational capital and differentiate themselves from lower-quality competitors. Recent evidence specifically indicates that company reputation can matter for voluntary disclosure quality, including the quality of management earnings forecasts [10]. In settings where disclosure quality affects stock return volatility and where reputational standing interacts with disclosure practices, reputation may act as a stabilizing mechanism that reduces information risk while also shaping market reactions to both financial and nonfinancial reporting [11]. Empirical findings from the Tehran Stock Exchange context further suggest that reputation and ownership structure can jointly influence the relationship between forward-looking disclosure and stock return volatility, implying that reputation may not simply be a background characteristic but a moderating force in the disclosure–market outcome nexus [12, 13]. This line of research motivates a more refined model in which corporate reputation conditions how managerial ownership translates into voluntary disclosure behavior, especially under varying degrees of financial constraint.

The theoretical foundations for such a model can be articulated through the combined lenses of signaling theory and legitimacy theory, which are particularly salient for voluntary disclosure of nonfinancial and forward-looking information. Voluntary disclosure can be used as a signal of superior performance, governance quality, and strategic resilience, especially when standardized indicators are limited or when investors face ambiguity about firm fundamentals [14]. Legitimacy considerations, however, imply that disclosure may also be deployed to align external perceptions with evolving societal expectations, regulatory pressures, and stakeholder demands, even when disclosures are partially symbolic. Contemporary debates emphasize the need to bridge classical legitimacy and voluntary disclosure theory with the realities of modern nonfinancial reporting practices, including gaps between theoretical predictions and actual corporate reporting behavior [15]. Moreover, empirical work in different organizational contexts—including nonprofit organizations—shows that web-disclosure practices can be adopted strategically to promote transparency and sustainability, indicating that disclosure logics extend beyond for-profit firms and can be shaped by stakeholder engagement and accountability requirements [16]. Within corporate settings, monitoring mechanisms (e.g., internal controls, governance structures, ownership monitoring) can shape voluntary nonfinancial disclosure, reinforcing the view that disclosure outcomes reflect both incentives and constraints [17]. Accordingly, a reputation-based moderation framework is theoretically consistent: reputation affects the perceived credibility of signals and the legitimacy benefits of transparency, while managerial ownership affects the internal incentive compatibility of disclosure decisions.

Risk disclosure research further reinforces the importance of understanding disclosure as a strategic response to uncertainty and to evolving risk landscapes. Risk factor disclosure has been interpreted as a firm-side choice with significant informational content, and firms' risk narratives can shape how stakeholders evaluate exposure and managerial competence [18]. Major shocks such as the COVID-19 pandemic illustrate that risk-factor disclosure practices can adapt to new threats and can influence investors' interpretation of uncertainty [19]. Additionally, emerging systemic risks—such as climate change—have made risk disclosures more consequential for real economic outcomes, suggesting that disclosure decisions may influence not only market perceptions but also operational responses and strategic resource allocation [20]. In banking and other high-regulation sectors, risk disclosure has been linked to governance structures such as risk management committees and to firm value, implying that the governance–risk disclosure link is economically meaningful [21]. These findings collectively position disclosure as a core element of risk governance, and they highlight why investor uncertainty is a pivotal context within which voluntary disclosure becomes valuable [22]. Under higher uncertainty, the marginal benefit of credible disclosure is likely to rise, but so does the cost of misstatements and the reputational damage associated with perceived opportunism.

Against this background, the heterogeneity of firms' financial constraints becomes critical for understanding disclosure incentives and the reputational moderation mechanism. Firms do not face equal access to external finance; constraints can influence managerial preferences over transparency, especially when disclosure affects financing conditions, investor confidence, and the cost of capital. Contemporary analytics demonstrate that financial distress and bankruptcy risk prediction can be improved using transactional data and advanced feature-selection frameworks, which implies that markets and stakeholders increasingly assess firm risk and constraint conditions using richer data signals than traditional accounting measures alone [23]. In such an environment, firms that are more financially constrained may experience stronger pressure to manage external impressions, potentially shaping both the intensity and the content of voluntary disclosure. Conversely, firms with lower constraints may disclose more or disclose differently because they can credibly commit to transparency without facing the same short-term financing fragilities. Voluntary disclosure of nonfinancial information has been studied in varied ownership settings, including family versus non-family businesses, emphasizing that disclosure incentives are contingent on governance identity and stakeholder expectations [24]. Importantly, managers' motivations for changing forward-looking disclosure are not static; they can vary across time and across model specifications, which implies that dynamic incentive structures and evolving market conditions are relevant for explaining disclosure shifts [25]. This is consistent with the notion that in financially constrained (leveraged) firms, managerial ownership may interact with reputation in a manner distinct from that in less constrained (capital-based) firms.

The present study is situated at the intersection of these literatures—voluntary disclosure, managerial ownership, corporate reputation, and financial constraint heterogeneity—within the context of firms listed on the Tehran Stock Exchange. Prior evidence indicates that disclosure quality and corporate reputation can influence stock return volatility in this market setting, underscoring the market-stability relevance of disclosure policy [11]. Moreover, research on firm reputation and institutional ownership in Tehran-based samples suggests that reputational capital and monitoring can shape the disclosure–volatility relationship for forward-looking information, which supports the plausibility of moderation effects and the importance of conditioning factors [12, 13]. However, gaps remain in understanding how reputation modifies the managerial ownership–voluntary disclosure linkage specifically when firms are differentiated by constraint profiles (e.g., leveraged versus capital-based). This gap matters because it speaks to a practical governance dilemma: whether increasing managerial ownership encourages transparency (via alignment) or discourages it (via entrenchment), and whether reputation operates as a commitment device that amplifies credible disclosure or as a shield that reduces incentives to disclose in more constrained firms. In addition, as voluntary disclosure practices evolve toward greater inclusion of nonfinancial and qualitative information, the monitoring role of governance mechanisms becomes more salient, implying that any ownership-based disclosure effect should be interpreted within a broader monitoring architecture [17]. Finally, legitimacy- and signaling-based perspectives suggest that reputation could alter the cost–benefit calculus of disclosure by changing how disclosures are interpreted by stakeholders and by affecting the reputational consequences of opacity or transparency [14, 15].

Accordingly, this study aims to examine the moderating role of corporate reputation in the relationship between managerial ownership and voluntary disclosure of information in leveraged and capital-based firms listed on the Tehran Stock Exchange.

2. Methodology

In terms of research purpose, this study is applied, and in terms of implementation approach and nature, it is classified as descriptive research. From a philosophical perspective, it falls within the positivist accounting research paradigm. With respect to the execution process, the study is quantitative, and in terms of research logic, it follows a deductive–inductive approach. From a temporal perspective, the research is retrospective and relies on the historical data of the sampled firms. To estimate the regression model and test the research hypotheses, panel data econometric methods are employed. The required firm-level data were extracted from the Rahavard Novin database and the official website of the Tehran Stock Exchange Organization, and the research hypotheses were tested based on panel data using EViews software.

The statistical population of the study includes all companies listed on the Tehran Stock Exchange. A systematic elimination method was used to select the sample, and the sample firms were chosen based on the following conditions and constraints:

- The companies must have been listed on the Tehran Stock Exchange prior to 2012, and their shares must have been actively traded on the exchange since the beginning of 2012.
- To ensure the selection of active firms, trading in the shares of these companies must not have been suspended for more than three months during the period from 2012 to 2021.
- To enhance comparability, the firms' fiscal year-end must be March.
- The firms must not have changed their line of activity or fiscal year during the period from 2012 to 2021.
- The firms must not belong to banks or financial institutions (including investment companies, financial intermediaries, holding companies, and leasing companies), as their financial disclosure practices and corporate governance structures differ from those of other firms.

After applying the sample selection criteria, 141 companies met all the conditions for inclusion in the statistical population and were selected as the final sample.

Given that the firms under investigation must be classified into leveraged firms and capital-based firms, the classification was carried out using the KZ index in accordance with Jahanshad and Madanlou (2013). This index was calculated for all firms, and then the mean value of the KZ index was computed. Firms with a KZ index value below the mean were considered to have lower financial constraints and were classified as capital-based firms, whereas firms with a KZ index value above the mean were considered to have higher financial constraints and were classified as leveraged firms. The KZ index is calculated based on the following components:

CF : Total cash flow

A : Book value of assets

C : Cash balance (cash and bank deposits)

LEV : Financial leverage

DIV : Cash dividends

The general form of the KZ index is expressed as follows (Word-compatible formula format):

KZ = f(CF / A, C / A, LEV, DIV)

Research Model and Variables

According to the first and second hypotheses of the study, corporate reputation has a significant effect on the relationship between managerial ownership and voluntary disclosure in leveraged firms and capital-based firms. Accordingly, the following regression model is used to analyze and test these two hypotheses:

$$VoluDIS_{i,t} = \alpha_0 + \beta_1 ManageOwn_{i,t} + \beta_2 Rep_{i,t} + \beta_3 (Rep_{i,t} \times ManageOwn_{i,t}) + \beta_4 ROA_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 INS_{i,t} + \beta_7 G_{i,t} + \beta_8 OUTD_{i,t} + \beta_9 CF_{i,t} + \beta_{10} AGE_{i,t} + \varepsilon_{i,t}$$

a) Voluntary Disclosure in Financial Statements (VoluDIS)

The level of voluntary disclosure is calculated using the following table:

Table 1. Method of Calculating Voluntary Disclosure

Disclosure Category	Number of Items
Company introduction and general information	6
Corporate governance	6
Financial performance information	6
Corporate management information	6
Social reporting and employee information	6
Other disclosure items	14
Total	44

After preparing the disclosure checklist based on the above indicators, a scoring sheet is completed for each sample firm.

b) Managerial Ownership (ManageOwn)

According to agency theory, if managers own a portion of the firm's shares, the likelihood of financial reporting manipulation and earnings management decreases (DeFond & Jiambalvo, 1994). In this study, managerial ownership is calculated as the percentage obtained by dividing the number of shares owned by executive managers and board members by the total number of outstanding shares of the firm. The data on shares held by executive managers and board members are extracted from the financial statements and accompanying notes.

c) Corporate Reputation

In the present study, corporate reputation is measured based on the published rankings of Tehran Stock Exchange listed companies over the past ten years, which are issued by the Industrial Management Organization and are based on several performance-related criteria.

d) Control Variables

Return on Assets (ROA): Net profit of the current year divided by total assets of the current year.

Firm Size (SIZE): Natural logarithm of total assets.

Institutional Ownership (INS): The proportion of shares owned by institutional shareholders in each firm, calculated by examining the ownership structure of firms and summing the ownership percentages of institutional shareholders present in each firm.

Firm Growth (G): Market value of the firm divided by the book value of assets.

Board Independence (OUTD): Ratio of the number of non-executive board members to the total number of board members.

Operating Cash Flow Ratio (CF): Operating cash flow extracted from the firm's statement of cash flows divided by total assets.

Firm Age (AGE): Number of years since the firm's establishment.

3. Findings and Results

The descriptive statistics of the research variables are presented in Table 2. The mean value of voluntary information disclosure among firms is 0.524. The highest dispersion is related to the managerial ownership variable (SD = 24.909), while the lowest dispersion is associated with operating cash flow (SD = 0.070).

Table 2. Descriptive Statistics of Research Variables

Variable	Mean	Median	Standard Deviation	Minimum	Maximum
Voluntary disclosure level	0.524	0.596	0.110	0.000	0.760
Managerial ownership	61.470	67.660	24.909	0.000	79.708
Corporate reputation	1.560	2.231	0.115	0.374	11.125
Return on assets	0.147	0.123	0.102	−0.581	0.371
Firm size	14.851	14.566	1.652	11.303	21.327
Institutional ownership	38.271	45.317	18.358	0.000	72.341
Board independence	0.660	0.600	0.187	0.000	0.810
Operating cash flow	0.120	0.104	0.070	0.260	0.512
Firm age (years)	38	40	13	12	70
Firm growth	2.060	1.173	0.842	0.044	6.028

In this model, the F-Limer test is employed to determine whether the use of panel data methods is appropriate for model estimation, while the Hausman test is applied to identify whether the fixed-effects or random-effects approach is more suitable. For observations with a probability level greater than 0.05, the pooled regression method is used, whereas for observations with a probability level lower than 0.05, the panel data method is adopted. Panel data estimation can be conducted using either fixed-effects or random-effects models. The Hausman test is used to determine the appropriate specification. For observations with a test probability lower than 0.05, the fixed-effects model is selected, while for observations with a probability higher than 0.05, the random-effects model is applied. The EViews output reported in Table 3 indicates that, for all estimated models, the panel data approach is confirmed, with superiority attributed to the fixed-effects method.

Table 3. Model Selection Tests for Estimating the Research Models

Hypothesis	Test Type	Test Statistic	Test Value	p Value	Result
Hypothesis 1	F-Limer test	F	4.159	0.000	Panel data method confirmed
	Hausman test	χ^2	28.274	0.000	Fixed-effects model confirmed
Hypothesis 2	F-Limer test	F	3.623	0.000	Panel data method confirmed
	Hausman test	χ^2	34.308	0.000	Fixed-effects model confirmed

Model Estimation, Results Analysis, and Hypothesis Testing

To test the first and second hypotheses of the study, the research model was estimated separately for leveraged firms and capital-based firms. The results of these estimations are presented in Tables 4 and 5.

Table 4. Estimation Results of the Research Model for Testing the First Hypothesis (Dependent variable: Voluntary disclosure in leveraged firms)

Variable	Coefficient	t Statistic	p Value	VIF
Constant	4.022	2.123	0.041	—
Managerial ownership	−1.063	−3.638	0.000	1.321
Corporate reputation	−0.156	−2.026	0.000	1.012
Corporate reputation × Managerial ownership	−0.068	−2.029	0.000	1.026
Return on assets	0.742	3.365	0.007	1.049
Firm size	−0.083	−2.056	0.031	1.037

Institutional ownership	0.638	1.214	0.463	1.112
Board independence	0.458	3.365	0.045	1.069
Operating cash flow	0.026	2.036	0.007	1.084
Firm age	0.024	0.487	0.632	1.326
Firm growth	0.041	0.037	0.892	1.654

Adjusted R^2 = 0.47

F statistic (p value) = 2.235 (0.000)

Jarque–Bera statistic (p value) = 8.428 (0.280)

Breusch–Pagan statistic (p value) = 1.051 (0.365)

Durbin–Watson statistic = 1.852

In assessing the overall significance of the model, the p value of the F statistic is less than 0.05 ($p = 0.000$), confirming the overall significance of the model at the 95% confidence level. The adjusted coefficient of determination indicates that 47% of the variation in voluntary disclosure among leveraged firms is explained by the variables included in the model. Examination of classical regression assumptions shows that the Jarque–Bera test confirms the normality of residuals at the 95% confidence level, as the p value exceeds 0.05 ($p = 0.280$). The Breusch–Pagan test also indicates homoscedasticity of residuals ($p = 0.365$). Moreover, the Durbin–Watson statistic lies between 1.5 and 2.5 (1.852), confirming the independence of residuals. Since all VIF values are below 5, there is no evidence of severe multicollinearity. Overall, the results indicate that managerial ownership has a negative and significant effect (−0.068) on the level of voluntary disclosure in leveraged firms. Corporate reputation also exerts a negative and significant moderating effect on the relationship between managerial ownership and voluntary disclosure in leveraged firms. Therefore, the first research hypothesis is supported at the 95% confidence level.

Table 5. Estimation Results of the Research Model for Testing the Second Hypothesis (Dependent variable: Voluntary disclosure in capital-based firms)

Variable	Coefficient	t Statistic	p Value	VIF
Constant	4.235	1.985	0.023	—
Managerial ownership	0.325	2.654	0.039	1.098
Corporate reputation	0.105	3.653	0.006	1.256
Corporate reputation × Managerial ownership	0.058	2.986	0.023	1.065
Return on assets	0.060	0.256	0.569	1.025
Firm size	0.325	2.156	0.003	1.068
Institutional ownership	0.314	2.647	0.005	1.370
Board independence	0.024	1.980	0.002	1.061
Operating cash flow	0.305	2.276	0.001	1.038
Firm age	0.561	0.364	0.256	1.054
Firm growth	0.030	0.539	0.025	1.142

Adjusted R^2 = 0.38

F statistic (p value) = 3.365 (0.000)

Jarque–Bera statistic (p value) = 7.254 (0.320)

Breusch–Pagan statistic (p value) = 1.258 (0.215)

Durbin–Watson statistic = 1.980

The overall significance of the model is confirmed, as the p value of the F statistic is less than 0.05 ($p = 0.000$), indicating significance at the 95% confidence level. The adjusted R^2 shows that 38% of the variation in voluntary disclosure among capital-based firms is explained by the model variables. The Jarque–Bera test confirms the normality of residuals ($p = 0.320$), and the Breusch–Pagan test supports the homoscedasticity of residuals ($p = 0.215$).

The Durbin–Watson statistic (1.980) indicates independence of residuals, and all VIF values below 5 confirm the absence of severe multicollinearity. Overall, the results demonstrate that managerial ownership has a positive and significant effect (0.325) on voluntary disclosure in capital-based firms. Furthermore, corporate reputation exerts a positive and significant moderating effect on the relationship between managerial ownership and voluntary disclosure in capital-based firms. Accordingly, the second research hypothesis is supported at the 95% confidence level.

4. Discussion and Conclusion

The findings of this study provide a nuanced understanding of how managerial ownership, corporate reputation, and firm type jointly shape voluntary disclosure behavior in the capital market. The results indicate that managerial ownership exerts a statistically significant but directionally different effect on voluntary disclosure depending on whether firms are leveraged or capital-based. In leveraged firms, higher managerial ownership is associated with a lower level of voluntary disclosure, whereas in capital-based firms, managerial ownership positively influences disclosure. These findings suggest that the incentive-alignment role of managerial ownership is highly contingent on firms' financial structures and constraints. In leveraged firms, where financial pressure, debt covenants, and refinancing risks are more salient, increased managerial ownership may intensify managerial risk aversion and entrenchment, leading managers to strategically limit voluntary disclosure in order to reduce scrutiny and preserve private control benefits. This interpretation aligns with agency-based arguments that ownership concentration can weaken transparency when managers prioritize control and downside risk protection over market signaling. Similar concerns about opacity under constrained reporting environments are consistent with evidence showing that reduced disclosure frequency increases investors' reliance on alternative information sources and heightens information spillovers [1]. In contrast, capital-based firms—characterized by lower financial constraints and greater flexibility—appear to benefit from managerial ownership through stronger alignment with shareholder interests, encouraging managers to disclose more voluntarily in order to enhance firm valuation and credibility. This positive association is in line with empirical evidence from emerging markets indicating that stronger governance mechanisms and ownership alignment are associated with improved disclosure practices and higher firm valuation [2].

A central contribution of this study lies in demonstrating that corporate reputation plays a significant moderating role in the managerial ownership–voluntary disclosure relationship, but that this role differs sharply across firm types. In leveraged firms, corporate reputation weakens the relationship between managerial ownership and voluntary disclosure, indicating a negative moderating effect. This suggests that when leveraged firms possess higher reputational capital, managers with substantial ownership stakes may rely on reputation as a substitute for transparency, perceiving disclosure as less necessary to maintain investor confidence. Reputation, in this context, may function as a protective buffer that allows managers to limit voluntary disclosure without immediate market penalties. Such a mechanism is consistent with the view that reputation can reduce perceived information risk and dampen market reactions, thereby lowering managers' incentives to engage in extensive disclosure [11]. Moreover, prior evidence shows that reputation can condition how disclosure quality affects market outcomes, particularly volatility, implying that reputable firms may strategically calibrate disclosure intensity [12, 13]. By contrast, in capital-based firms, corporate reputation strengthens the positive relationship between managerial ownership and voluntary disclosure. This positive moderation indicates that reputation amplifies the signaling value of disclosure when financial constraints are lower. Managers in reputable, capital-based firms appear motivated to preserve and enhance reputational capital by engaging in more transparent reporting, particularly when they hold equity stakes that expose them to market valuation effects. This finding closely aligns with recent evidence demonstrating that company reputation enhances the quality and credibility of voluntary disclosures, including management earnings forecasts [10]. It also supports theoretical arguments that reputation increases the marginal benefit of disclosure by improving signal credibility and reducing skepticism among investors.

The observed patterns can be further explained through signaling and legitimacy perspectives. Voluntary disclosure serves as a signal of firm quality and managerial confidence, particularly in environments characterized by uncertainty and information asymmetry. In capital-based firms, where managers face fewer immediate survival constraints, disclosure can be deployed as a proactive signal to differentiate the firm and reinforce legitimacy, especially when supported by a strong reputation [14]. Reputation, in this case, enhances the effectiveness of disclosure signals by increasing stakeholders' trust in reported information. Conversely, in leveraged firms, legitimacy concerns may operate differently. Managers may prioritize short-term stability and covenant compliance over long-term signaling, perceiving extensive disclosure as potentially destabilizing. This interpretation resonates with research emphasizing that under heightened uncertainty, managers carefully balance the benefits of transparency against the risks of adverse interpretation [22]. Furthermore, studies on risk and qualitative disclosures suggest that managers may strategically manage narratives to control stakeholder perceptions, particularly when firms are exposed to downside risks [18, 19]. Reputation may therefore reduce the perceived need for disclosure in leveraged firms by mitigating investor uncertainty independently of new information releases.

The role of control variables also reinforces the robustness of the findings and situates them within the broader disclosure literature. Variables such as firm size, institutional ownership, board independence, and operating cash flow exhibit expected relationships with voluntary disclosure across models, underscoring the importance of governance and monitoring mechanisms in shaping transparency. Prior research shows that institutional ownership and governance quality can strengthen disclosure incentives by increasing monitoring intensity and reducing managerial opportunism [17]. Similarly, evidence from international settings suggests that governance reforms and stronger oversight structures are associated with more frequent and higher-quality voluntary disclosures, particularly management forecasts [6]. The significance of operating cash flow highlights the role of internal financial strength in enabling disclosure, consistent with arguments that firms with better liquidity positions can credibly commit to transparency without fearing immediate negative market consequences. These findings collectively suggest that managerial ownership and reputation operate within a broader governance ecosystem rather than in isolation.

Importantly, the study's results contribute to ongoing debates about the economic consequences of voluntary disclosure in emerging markets. The Tehran Stock Exchange context is characterized by varying disclosure practices, heterogeneous governance quality, and evolving regulatory expectations. Prior studies indicate that disclosure quality and reputation significantly influence stock return volatility in this market, highlighting the systemic importance of transparency [11]. By showing that reputation moderates ownership effects differently across leveraged and capital-based firms, this study helps explain why uniform disclosure policies may yield uneven outcomes. It also complements evidence from other institutional contexts showing that disclosure practices are shaped by organizational form, governance identity, and stakeholder expectations [16, 24]. Moreover, as firms increasingly disclose nonfinancial and forward-looking information, the interaction between ownership incentives and reputational considerations becomes more salient, particularly given the growing role of qualitative narratives in distinguishing high-quality from low-quality firms [5]. In this sense, the findings support a contingent view of voluntary disclosure: its determinants and consequences depend critically on financial constraints, governance structures, and reputational positioning.

Overall, the results underscore that managerial ownership does not exert a uniform influence on voluntary disclosure. Instead, its effect is shaped by firm-level constraints and amplified or dampened by corporate reputation. This insight has important implications for theory, suggesting that agency-based models of disclosure should incorporate reputational capital and financial constraint heterogeneity as core moderating mechanisms. It also reinforces empirical evidence that disclosure quality and frequency cannot be fully understood without considering the broader informational and governance environment, including risk disclosure practices [20, 21], regulatory and reporting frameworks [3, 8], and evolving investor expectations regarding transparency and legitimacy [15]. By integrating these dimensions, the study provides a more comprehensive explanation of voluntary disclosure behavior in emerging capital markets.

Despite its contributions, this study is subject to several limitations. First, the analysis is based on firms listed on a single stock exchange, which may limit the generalizability of the findings to other institutional and regulatory environments. Second, corporate reputation is measured using external rankings, which, although widely used, may not fully capture stakeholders' multidimensional perceptions of reputation. Third, the study adopts a quantitative panel-data approach that focuses on observable disclosure outcomes and may not fully reflect managerial motivations or internal decision-making processes underlying disclosure choices. Finally, potential endogeneity between managerial ownership, reputation, and disclosure decisions cannot be entirely ruled out, despite the use of control variables and panel estimation techniques.

Future research could extend this line of inquiry by conducting cross-country comparative analyses to assess whether the moderating role of reputation differs across institutional settings with varying disclosure regulations and investor protections. Qualitative or mixed-method approaches, such as interviews with managers and board members, could provide deeper insights into the strategic motivations behind disclosure decisions in leveraged versus capital-based firms. Additionally, future studies could explore dynamic models that capture changes in managerial ownership, reputation, and disclosure behavior over time, particularly during periods of economic stress or regulatory reform. Expanding the analysis to specific types of voluntary disclosure, such as sustainability reporting or climate-related risk disclosure, may also yield valuable insights.

From a practical perspective, regulators and policymakers should recognize that disclosure incentives are heterogeneous and influenced by firm-specific characteristics, suggesting that flexible and context-sensitive disclosure guidelines may be more effective than uniform mandates. Corporate boards should consider how ownership structures and reputational strategies jointly influence transparency and should align disclosure policies with long-term value creation rather than short-term risk avoidance. Finally, investors and analysts should interpret voluntary disclosure practices in light of firms' financial constraints and reputational standing, recognizing that lower disclosure in some contexts may reflect strategic considerations rather than purely opportunistic behavior.

Authors' Contributions

Authors equally contributed to this article.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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